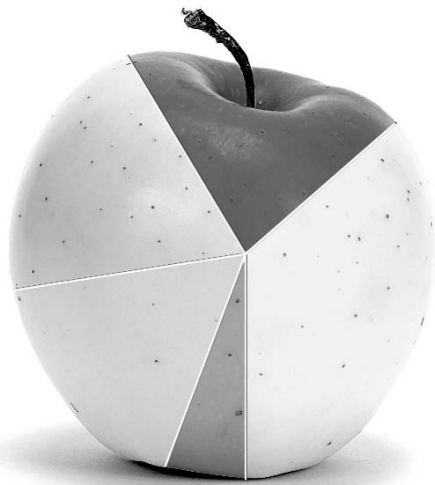


NEWSLINE

Savings Plus Program

4th Quarter 2005

What's in a Name? A Lot



*Focus on Asset Allocation
to help achieve your
retirement income goals.*

Choosing investments from the wide range of options Savings Plus offers can be a daunting task. Even after you've decided which categories of investments you should put your money in (i.e., your "asset allocation" strategy), you still have to figure out which funds in our lineup fall into those investment categories.

We're about to simplify the process for you. Over the coming year, Savings Plus will begin using fund descriptors that incorporate the names of the investment category each fund represents.

We've already begun using this type of fund descriptor for five of our funds. For instance, the fund choice we offer in the "large cap value" category is called "Savings Plus Large Cap Value Fund." The rest of our funds will begin using this type of fund descriptor in January 2007.

Why are we doing this? Because we want you to focus on asset allocation. Successful investing starts with a sound asset allocation strategy. That means deciding which investment categories are appropriate for you based on how long your assets will be invested and how much risk you're willing to take. The categories, not individual funds, determine the success of your investing strategy.

For help choosing an asset allocation strategy, take the Ibbotson Questionnaire we offer in our *Investment Guide* (also available online). It will guide you to a model portfolio that shows you what categories you should invest in and the percentage of your total portfolio you should allocate to each category.

Savings Plus also offers five "Asset Allocation Funds," which are already diversified among the various investment categories. All you need to do is identify what type of investor you are using the Ibbotson Questionnaire, then choose one of the five asset allocation funds recommended for your investor type. If you decide to go with an asset allocation fund as your Savings Plus investment choice, that should be the only fund in your Savings Plus account.

Inside this issue:

What's in a Name? A Lot	1
How to Read a Market Index	2
Expecting a Tax Refund?	3
'Tis the Season for Required Minimum Distributions	3
SPP Awards Small Cap Value Fund	4
Watch Your Mailbox for 1099-R	4
Investment Fund Update	4



How to Read a Market Index

When you review this latest quarterly statement, notice the format change in the section titled “Performance Results of Investment Options,” also known as the Investment Performance Report.

In prior statements, we listed the market indices at the end of this section. Now each comparable market index appears directly below the corresponding fund. This format change makes it easier to judge your fund’s performance.

So what is a Market Index? A market index is made up of the weighted values of a group of assets, like stocks, bonds, or other financial assets of the same type. Even though you cannot invest directly in an index, it gives you a numerical measure of how well a fund is doing in relation to other funds within the same market index. Index performance does not reflect fees or charges.

When you compare a fund to a market index, you must always do the comparison on an “apples to apples” basis. For example, the Growth Fund of America, a large-cap growth fund, is measured by the S&P 500 Barra Growth Index. This

index consists of the largest U.S. companies (known as large-cap companies) with the potential for growth within their industry. The manager of the Growth Fund of America selects from these companies for the fund’s portfolio.

When you judge a fund’s performance, it’s important to look at the fund’s long-term track record. Don’t pay as much attention to the 3-month or 1-year return numbers. Instead, focus on the 3-, 5-, and 10-year average annual returns (or “inception to date” if less information is provided). Over these longer time periods, it’s easier to see which fund, within the same asset category, performed better. If the same fund manager continues to be in place, you should expect the fund objectives to remain the same and, typically, the fund to continue to perform to the fund’s objectives. Remember, past performance is no guarantee of future results.

This new format will help you select investment funds that meet your investment strategy and will allow you to monitor performance in relation to other investments in the same market type.

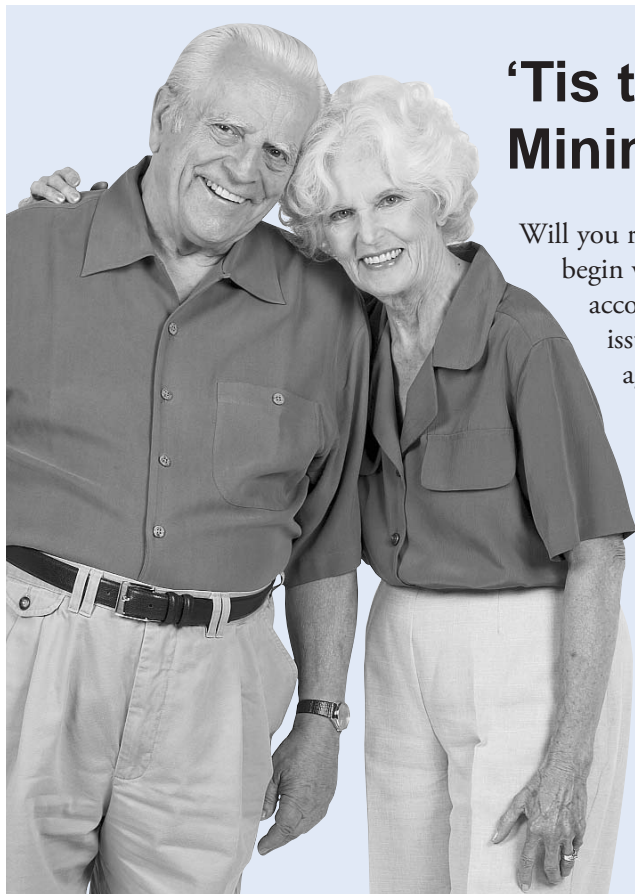
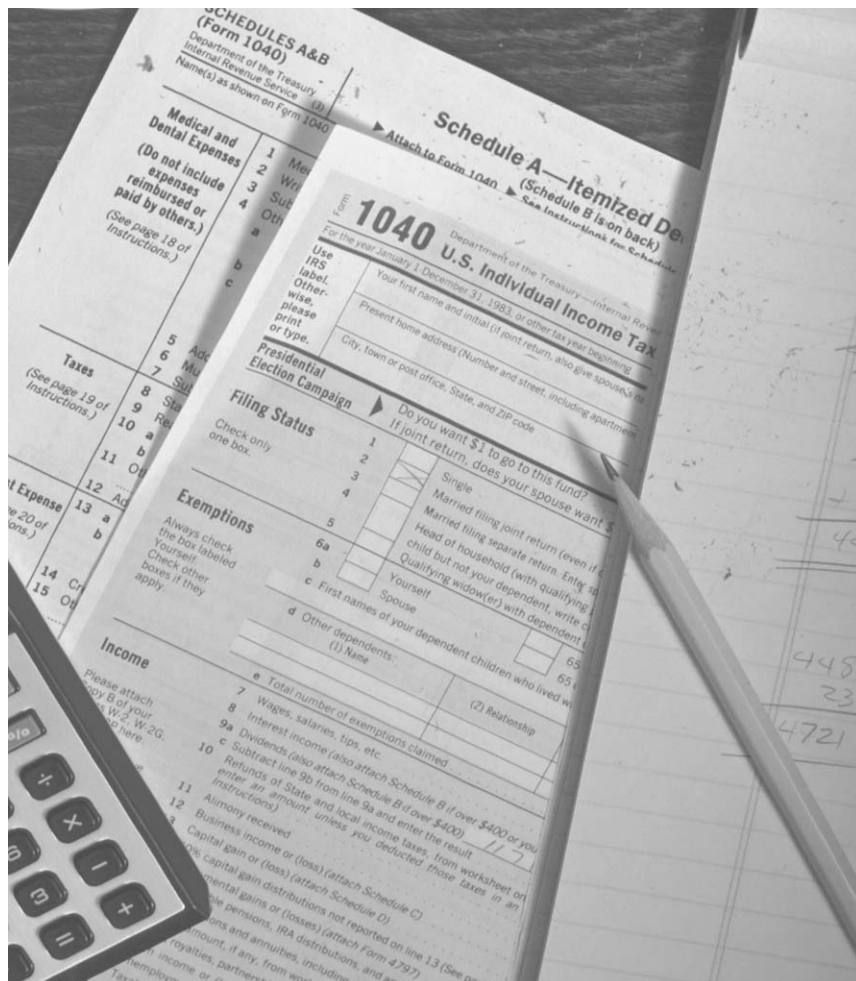
Expecting a Tax Refund?

Soon you'll be filing your tax return and finding out if you'll get a tax refund. We'd like to offer a suggestion if you expect to get a refund: invest it in your retirement.

It's easy. As soon as you know how much to expect from the IRS or FTB, divide that amount by the number of pay periods left this year. Then increase your monthly deferrals by that amount.

For example, if your tax refund totals \$1,000 and you have 8 monthly paychecks left in the 2006 tax year, increase your monthly deferral by \$125 per paycheck. You'll reduce your taxable income by that amount, and you'll sock away more money to help you achieve the type of retirement you want.

To change your contribution amount, use our Web site, toll-free voice response system, or call a customer service representative (866-566-4777, press * 0).



'Tis the Season for Required Minimum Distributions

Will you reach age 70½ in 2006? If so, the IRS generally requires that you begin withdrawing money from your Savings Plus 401(k) and 457 accounts. The "required minimum distribution" (payment) must be issued no later than April 1 of the year following the year you reach age 70½, or the year when you retire, whichever is later.

You have the option to delay your first payment for one year. However, if you delay, you'll receive two payments the following year. Since these payments are taxed as ordinary income, the double payment could result in you owing more taxes.

SPP's Benefit Payment Booklet, available by Internet or phone, provides the details on distribution options. At our Web site (www.sppforu.com), go to Plan Info & Forms, then select Forms and Publications. By phone, call our toll-free number at 866-566-4777, enter your Social Security number and PIN, press 4, then 5, and enter 8039 for the Benefit Payment Booklet. Allow 6-10 days for delivery.

SPP Awards Small Cap Value Fund



We have awarded the contract to manage the Savings Plus Small Cap Value Fund to two companies: Peregrine Capital Management, Inc. and Thompson, Siegel & Walmsley, Inc. The new separate account was available for transactions after the market closed on December 8, 2005.

Savings Plus participants who had assets invested with the Franklin Balance Sheet Fund, our outgoing provider for this category, were notified in November 2005. Savings Plus transferred all assets invested in the Franklin fund to the Savings Plus Small Cap Value fund on December 7, 2005.

For more information on the new fund providers, visit our Web site at www.sppforu.com and follow the links to Fund Information.

Watch Your Mailbox for 1099-R

If you received a payment from your SPP account in 2005, keep an eye on your mailbox for your 1099-R tax document, mailed from Nationwide Retirement Solutions in January. If you haven't received it by February 15, request a copy by calling us toll free at 866-566-4777, press *0 to speak with a customer service representative.

Representatives are available Monday – Friday, 8:30 a.m. to 4:00 p.m. Pacific Time.

Investment Fund Update

FUND INVESTIGATIONS

No items to report.

FUND MANAGER CHANGE

No manager changes.

WATCH LIST

CRITERIA

No funds met the SPP Watchlist Criteria.

N/A

WATCH LIST CRITERIA:

- 1 Did not meet the established performance standards (benchmark/peer universe) over preceding 3/5-year period
- 2 Investment manager changed or such change appears imminent; this change may have detrimental effect on fund
- 3 Significant change in ownership or control of the fund provider
- 4 Material change occurred in investment focus/strategy, capitalization, or investment style
- 5 Substantial portfolio turnover within the fund
- 6 Violation of a Security and Exchange Commission rule or regulation
- 7 Fund experienced difficulty transacting trades, fund transfers, or pricing
- 8 Fund experienced problems in procedures or operations, which may detract from Savings Plus objectives
- 9 Violation of contract terms



**State of California
Department of
Personnel Administration**

**Savings Plus Program
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